

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 91-357-C - ORDER NO. 91-1107  
DECEMBER 9, 1991

|                                      |               |
|--------------------------------------|---------------|
| IN RE: Application of Affinity Fund, | ) ORDER       |
| Inc. for a Certificate of Public     | ) GRANTING    |
| Convenience and Necessity.           | ) CERTIFICATE |

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Affinity Fund, Inc. (Affinity Fund) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. Affinity Fund's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1990) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Affinity Fund to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of Affinity Fund's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Affinity Fund complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by Southern Bell Telephone &

Telegraph Company (Southern Bell).

A hearing was commenced on Tuesday, November 26, 1991, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Marjorie Amos-Frazier presided. Craig S. Kelly, Esquire, represented Affinity Fund. Caroline N. Watson, Esquire, represented Southern Bell; and F. David Butler, Staff Counsel, represented the Commission Staff.

Affinity Fund presented the testimony of Maurie Daigneau in support of its application. Mr. Daigneau explained Affinity Fund's request for certification to operate as a reseller of interexchange telecommunications services in South Carolina. Daigneau explained that the Company wished to resell the toll services of U.S. Sprint. Affinity Fund does not propose to provide intraLATA service. Affinity Fund proposes to provide basic Dial 1 plus services, in addition to 800 services and calling card services. Residential and business services are target markets. Affinity Fund will be responsible for billing, trouble reporting, and customer services. Daigneau outlined Affinity Fund's financial qualifications, background, and technical capabilities.

Affinity Fund and Southern Bell entered into a Stipulation agreement, whereby the parties agreed that any grant of authority should clearly be for interLATA services only. Further, if any intraLATA calls are inadvertently completed by the carrier, the carrier should reimburse the LEC pursuant to the Commission's Order in PSC Docket No. 86-187-C.

Also, without exception, all voice and/or data transmissions

placed by subscribers to Affinity Fund's South Carolina tariffs will be both originated and completed via switched access services, except as described below. If direct connection, e.g. special access service is used on the originating end of said voice and/or data transmissions, then Affinity stipulates and agrees that such connection will not be made unless the switching machine (e.g. the underlying carrier's point of presence) is programmed to screen all intraLATA calls and either block same or route them to the serving local exchange carrier.

Further, the parties agreed that all operator services should be only for interLATA calls and any "0+" or "0-" intraLATA calls should be handed off to the LEC.

After full consideration of the applicable law and of the evidence presented by Affinity Fund, Southern Bell and the Commission Staff, the Commission hereby issues its findings of fact and conclusions of law.

#### FINDINGS OF FACT

1. Affinity Fund is incorporated under the laws of the State of Florida, but is licensed to do business as a foreign corporation in South Carolina by the Secretary of State.

2. Affinity Fund operates as a non-facilities based reseller of interexchange services, and wishes to do so on an interLATA basis in South Carolina.

3. Affinity Fund has the experience, capability, and financial resources to provide the services as described in its application.

4. Southern Bell and other local exchange carriers (LEC's) should be compensated for any unauthorized intraLATA calls completed through Affinity Fund's service arrangements.

5. The Commission finds that the Stipulation between Affinity Fund and Southern Bell is fair and equitable and adopts same.

#### CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a certificate of public convenience and necessity should be granted to Affinity Fund to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs of facility-based carriers approved by the Commission.

2. That all intrastate intraLATA calls must be completed over intraLATA WATS, MTS, private and foreign exchange lines or any other service of facility based carriers approved for resale on an intraLATA basis. Any intraLATA calls not completed in this manner would be considered unauthorized traffic and the Company will be required to compensate LEC's for any unauthorized intraLATA calls it carries pursuant to Commission Order No. 86-793 in Docket No. 86-187-C.

3. The Commission adopts a rate design for Affinity Fund for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate

level with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communication Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

4. Affinity Fund shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Affinity Fund shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of Affinity Fund's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1990).

5. Affinity Fund shall file its maximum rate tariff and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order.

6. Affinity Fund is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

7. With regard to Affinity Fund's resale of services, an end user should be able to access another interexchange carrier or operator service provider if they so desire.

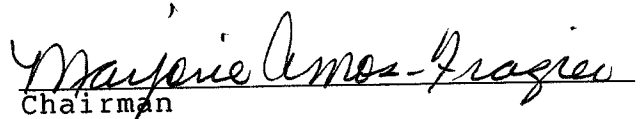
8. Affinity Fund shall resell the services of only those

interexchange carriers or LEC's authorized to do business in South Carolina by this Commission. If Affinity Fund changes underlying carriers, it shall notify the Commission in writing.

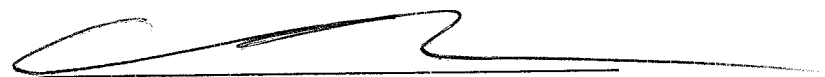
9. Affinity Fund shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Deputy Executive Director

(SEAL)

DOCKET NO. 91-357-C- ORDER NO. 91-1107  
DECEMBER 9, 1991  
ATTACHMENT A

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ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12  
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,  
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION  
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,  
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER  
DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR  
ENDING \_\_\_\_\_.

\* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT  
PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND  
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE  
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS  
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT  
(SEE #3 ABOVE).